AVIVA LIFE INSURANCE COMPANY INDIA LIMITED

FRAMEWORK FOR EXPENSES OF MANAGEMENT

Policy Owner:

Part I: Policy for Expenses of Management (‘Part I of the Framework’ or the ‘EoM Policy’): Chief Financial Officer

Part II: Policy for Payment of Commission (‘Part II of the Framework’ or the ‘Commission Policy’): Chief Executive Officer and Managing Director and Chief Distribution Officer

S.No.	Description of Change	Date of Approval/Change	Version No.
1	In compliance with the regulatory requirements, Framework of Expenses of Management consisting of the Expenses of Management Policy and Commission Policy of the Company has been formulated & approved by Board.	28.06. 2023	1.0
2	Periodic Review	08.08.2023	1.1
3	Periodic Review	27.09.2023	1.2
4	Periodic Review	10.05.2024	1.3
5	Periodic Review (Change in composition of CCR & consequent quorum requirement)	31.07.2024	1.4
6	Periodic Review (No Change)	23.05.2025	1.5
7	Periodic Review (Change in composition of CCR & consequent quorum requirement)	18.11.2025	1.6
8	Modification(s) in Framework for Expenses of Management to integrate Board approved policy on ‘Agents and Intermediaries: On-boarding, training, MBG, Commission & Rewards’. and Change in composition of CCR & consequent quorum requirement)	09.04.2026	1.7

Framework for Expenses of Management

The Insurance Regulatory and Development Authority of India (Expenses of Management of Insurers transacting Life Insurance business) Regulations, 2023 (Hereinafter referred to as the 'EoM Regulation') vide notification number IRDAI/Reg./3/191/2023 were notified and published in the Official Gazette of India, bearing number CG-AP-E-28032023-244736 dated March 27, 2023.

Further, through a separate Gazette notification, bearing number CG-AP-E-27032023-244709 dated March 27, 2023 the Insurance Regulatory and Development Authority of India (Payment of Commission) Regulations, 2023 has been notified bearing number IRDAI/Reg/2/190/2023 (hereinafter referred to as the 'Commission Regulation'). Following the same IRDAI has issued vide ref no. IRDA/INT/CIR/MISC/082/03/2023 a Guidance note on Board policy of the insurer on the commission structure dated March 31, 2023, to ensure that commission structures of intermediaries are designed in a manner that promotes fair and transparent practices protecting policyholders' interest and encouraging insurance penetration.

The 'EoM Regulation' makes it incumbent upon the Insurers carrying out Life Insurance Business, *inter-alia* to adopt certain policies at the Board level, prescribing governance and monitoring standards to be followed by the Insurers doing life business in managing their expenses of management and commission to intermediaries and insurance intermediaries, within the scope and ambit of the prescriptions under the EoM Regulation.

The Expenses Management Policy, as envisaged in the EoM Regulations and the Commission Policy as envisaged in the Commission Regulations carry two different philosophies for management of expenses of insurers carrying life insurance business. Basis such philosophies, IRDAI has required the insurers to adopt two different policies, one governing the expenses of management of the insurers and the other governing payment of commission to intermediaries and insurance intermediaries of the insurers. Accordingly, the scope and ambit of both the Policies need to have the following distinct constituents:

A. Expenses of Management Policy
   The orientation and objective of the Expenses of Management Policy has to be for governance, monitoring and administration of the overall expenses that reflects in the financials of the Insurer with the resultant protection being in compliance with the EoM Regulations.

B. Commission Policy
   The orientation and objective of the Commission Policy has to be for governance and administration of the market dynamics in a way that the Company maintains an equilibrium between the business opportunities and cost of acquisition of such business. This has to be carried out with desired focus on control, strategy and compliance with the Commission Regulations.

Accordingly, the Board of Directors of Aviva Life Insurance Company India Limited vide Circular Resolution no. 297 dated 27th June 2023 adopts the present "Framework for Management of Expenses" comprising of the following two parts:

Part I: Policy for Expenses of Management ('Part I of the Framework' or the 'EoM Policy')

Part II: Policy for Payment of Commission ('Part II of the Framework' or the 'Commission Policy')

Definitions:

Words and expressions used in this Framework, unless specifically defined herein, shall have the same meaning assigned to them under the Insurance Laws (Amendment) Act, 2015, different rules framed under the Act, the regulatory prescriptions in the form of Regulations, Guidelines, Circulars, Notifications issued by the Insurance Regulatory and Development Authority of India (IRDAI) from time to time. However, the following terms shall have specific meaning as assigned to them hereunder for the purpose of application and interpretation of this Framework:

a.	**"Board"**	"Board" shall mean Board of Directors of Aviva Life Insurance Company India Limited.
b.	**"Commission"**	'Commission' shall mean compensation or reward, by whatever name called, paid or due to an Insurance Distributor, as applicable under this Framework or otherwise, for soliciting or procuring or transacting insurance business for and on behalf of the Company.
c.	**"Committee for Commission and Rewards" or the "CCR"**	'Committee for Commission and Rewards' or the 'CCR' shall mean the Committee constituted under this Framework, comprising of the senior executives of the Company to govern the payment of Commission and Rewards to the Insurance Distributors on a regular basis, the composition, scope and responsibilities of which is set out herein under clause 13 of Part II or in the Framework.
d.	**"Framework for Management of Expenses" or the "Framework"**	'Framework for Management of Expenses' or the 'Framework' shall mean this present Framework for Management of Expenses comprising of two parts i.e. Part I: Policy for Expenses of Management ('Part I of the Framework' or the 'EoM Policy'), and Part II: Policy for Payment of Commission ('Part II of the Framework' or the 'Commission Policy'), and shall include all its Appendix and Attachments.
e.	**"Insurance Distributor"**	Insurance Agent, Intermediary, Insurance Intermediary, MISP, Corporate Agent or any person or entity authorized under the law to distribute, solicit, procure or transact insurance business and services for and on behalf of the Company.
f.	**"Company"**	'Company' shall mean Aviva Life Insurance Company India Limited.
g.	**"Expenses Management Committee" or the "EMC"**	'Expenses Management Committee' or the 'EMC' shall mean the Committee constituted under this Framework, comprising of the senior executives of the Company to govern the Expenses of Management and the Commission payable by the Company on a regular basis, the composition, scope and responsibilities of which, is set out herein under clause 8 of Part I or in the Framework.
i.	**"Reward"**	'Reward' shall mean the amount paid directly to or borne by the Company indirectly in favour of any Insurance Distributor, for soliciting or procuring or transacting insurance business for and on behalf of the Company.

Part I: Policy for Expenses of Management or EoM Policy

('Part I of the Framework' or the 'EoM Policy')

In compliance with the prescriptions under the EoM Regulations, the Board of Directors of Aviva Life Insurance Company India Limited vide Circular Resolution no. 297 dated 27th June 2023 adopts the present "EoM Policy", the scope of which has been enumerated in the previous section of this Framework. This EoM Policy shall come into effect from April 01, 2023.

1. Object and Purpose:

The object and purpose of this EoM Policy is to:

a. bring cost efficiencies in the conduct of business and reduce the Expenses of Management on a continuous basis,

b. identify ways and means to share the benefits of effective cost and expenses management with the policyholders and other stake holders.

2. Applicability

This EoM Policy shall:

a. Govern all expenses of the Company in the nature of Operating Expenses.
Governance of such expenses shall be on the basis of this Policy and through the Expenses Management Committee constituted under this Policy and in compliance with the IRDAI (Expenses of Management of Insurers transacting Life Insurance business) Regulations, 2023 as amended from time to time.

b. Monitor the overall Cost of Acquisition (CoA) of business.
Monitoring of the overall expenses shall be under this Policy. However, given the focus required, the governance and administration of the cost of acquisition of business of the Company shall be carried out by the "Committee for Payment of Commission and Rewards" constituted under Part II of this Framework and in compliance with the IRDAI (Payment of Commission) Regulations, 2023 as amended from time to time.

c. Administer Commission and expenses on reinsurance inward, which are charged to Revenue Account.
Administration of such expenses shall be on the basis of this Policy and through the Expenses Management Committee constituted under this Policy and in compliance with the IRDAI (Expenses of Management of Insurers transacting Life Insurance business) Regulations, 2023 along with other regulatory prescriptions for the time being in force.

d. Review Post Execution Cost Benefit Analysis & Intended benefits for Expenditure proposals

Review of Cost Benefit analysis & Intended Benefits on expenditure proposals which shall be on the basis of this Policy and through the Expenses Management Committee constituted under this Policy and in compliance with the IRDAI (Expenses of Management of Insurers transacting Life Insurance business) Regulations, 2023 as amended from time to time.

However, this Policy shall not be applicable to any charge against profits such as income tax and other applicable taxes like Goods and Service Tax (GST) borne by the Company and other charges which are levied against the profits of the Company.

3. Limit of Expenses of Management:

At no point of time shall the Company spend any amount directly or indirectly towards Expenses of Management, in excess of the limits set forth under Part II of the EoM Regulations.

4. Additional Allowable Expenses:

The Insurance Regulatory and Development Authority of India (IRDAI) has set out independent enterprise level limits of expenses for Insurers. Amongst such activities and purposes. Besides, IRDAI has also prescribed certain allowances for the Insurers against specified activities, as delineated in the Regulation. Such allowances of expenses to remain available to the Insurer over and above the institutional level limit set forth under the EoM Regulations. The Company may avail additional expense limits for the following:

a. Expenses incurred towards Rural sector, Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), or such other schemes as notified by the IRDAI.

i. Business in the Rural Sector, **Pradhan Mantri Jan Arogya Yojana (PM-JAY)** and **Pradhan Mantri Fasal Bima Yojana** (PMFBY) or such other schemes as specified by the IRDAI.

In the years of growth in these sectors, the Company may incur an additional expense towards Expenses of Management not exceeding 15% of the incremental premium received by the Company over the previous financial year, sourced from the rural sector and the above specified schemes. However, such entitlement shall accrue to the Company during the subsistence of any financial year only after booking of the incremental premium and not on the basis of plans or contemplations. Such expense shall however not exceed the actual expenses of management incurred for the rural sector and the above specified schemes during the previous financial year. For the purposes of this Regulation, ‘Rural Sector’ shall have the meaning specified under the IRDAI (Obligations of Insurers to Rural and Social Sectors) Regulations, 2015, as amended from time to time.

ii. PMJJBY or such other schemes as are notified by the IRDAI.

The Company may incur an additional expense towards Expenses of Management not exceeding 15% of the gross direct premium sourced during the year from such schemes.

The additional limits of expenses stated under this clause could only be used by the Company for meeting out the actual expenses incurred under the rural sector and the above specified schemes.

b. Expenses incurred towards ‘Insurtech’ and ‘Insurance Awareness.

The Company may incur additional Expenses of Management to the extent of 5% of the allowable expenses of management towards Insurtech and Insurance Awareness expenses.

The EMC shall from time to time set out the objectives and parameters of such expenses keeping in view the business strategy and business priorities of the Company.

5. Adoption of strategies for limiting Expenses of Management:

The Expenses Management Committee (EMC) as envisaged in clause 8 of this Policy, shall have the responsibility to ensure that the Company evolves the plans, procedures and strategies to bring cost efficiencies in the conduct and operation of business and reduce the Expenses of Management on a continuous basis. In pursuit of the same and before commencement of any financial year, the EMC shall ensure that the Finance and the Actuarial functions, in consultation with the other functions of the Company shall determine the manner of allocation and apportionment of expenses of management amongst various business segments under countable parameters through:

a) identifying the expenses which shall be allocated,

b) determining the basis of allocation,

c) identifying expenses which shall be apportioned, and

d) determining the basis of such apportionment.

Under such background, the Finance function shall devise a Business Plan in consultation with every other function of the Company well before commencement of any financial year and present the Business Plan pertaining to any financial year to the Board, in the last Board Meeting of the preceding financial year or at any scheduled Board meeting as agreed/advised by the Board, for its approval. The Company may also call a specific meeting of the Board for this purpose or even seek approval through circulation. The Finance function shall seek the inputs of the EMC on the Business Plan before presenting it to the Board.

6. Business Plan:

The Finance function of Aviva India shall, after obtaining inputs from the EMC, in the last Board meeting of any financial year or in any other subsequent Board meeting or through circulation or otherwise, present to the Board a Business Plan for the ensuing or succeeding financial year. The business plan shall, at the minimum, clearly specify the following:

a. The projected requirements of capital for the ensuing or succeeding financial year,

b. Projection of solvency margin for every quarter of the ensuing or succeeding financial year,

c. The projection of expenses of management (in rupees as well as percentage of gross premium written in India) and the compliance or otherwise with the limits of expenses of management,

Consequent to approval of any Business Plan by the Board, the EMC shall continuously monitor performance of the Company upon such Business Plan around the financial year and appraise the Board about the same at the end of every quarter of the financial year.

7. Review of the EoM Policy

This EoM Policy shall be reviewed by the Audit Committee of the Board annually and if necessary, updated when there are significant changes in the applicable law, practices or as warranted in accordance with the business, plan, business strategy or business priorities of the Company from time to time. Any such change(s) to this EoM Policy shall be approved by the Board before implementation.

8. Expenses Management Committee

With a view to undertake the responsibilities assigned to it under this EoM Policy, a Committee comprising of senior executives of the Company is constituted, which shall be named as the "Expense Management Committee" or the "EMC". The composition, responsibility and reporting of the EMC shall be as under:

A. Composition of EMC

The EMC shall be a five member committee, comprising of senior executives holding the following positions in the Company:

1. Chief Executive Officer & Managing Director
2. Chief Financial Officer
3. Appointed Actuary
4. Head Legal & Compliance
5. Chief Risk Officer

Apart from the abovementioned five members of the EMC, the following shall attend the EMC as permanent invitees:

1. VP, Business Planning, Finance
2. Financial Controller

The EMC shall from time to time add or remove executives from the abovementioned list of permanent invitees, keeping in view their responsibilities and potential to contribute to the cause of the EMC.

B. Responsibilities of the EMC

The EMC shall *inter-alia* have the responsibilities,

- assigned to it by the Board from time to time, or
- as mentioned elsewhere in this Policy.

Besides, the EMC shall remain responsible at all times for the following:

I. Adoption of strategies for limiting Expenses of Management from time to time.

The EMC shall have the responsibility to evolve plans, procedures and strategies to bring cost efficiencies in the conduct and operation of business and reduce the Expenses of Management on a continuous basis. In pursuit of the same and before commencement of any financial year, the EMC, in consultation of the other functions of the Company shall determine the manner of allocation and apportionment of expenses of management amongst various business segments under countable parameters as explained under clause 5 of this Policy.

II. Business Plan:

On the basis of strategies proposed or adopted by the Company post evaluation by the EMC, the Finance function in the last Board meeting of any financial year or in any Board meeting subsequent to it, or through circulation as per applicable laws and Articles of Association of the Company, shall present to the Board a Business Plan for the ensuing or succeeding financial year. The Business Plan shall, at the minimum, clearly specify the sections as specifically delineated under clause 6 of this EoM Policy.

Consequent to approval of any Business Plan by the Board, the EMC shall continuously monitor performance of the Company upon such Business Plan throughout the financial year and appraise the Board about the same at the end of every quarter of the financial year.

III. Expenses incurred towards 'Insurtech' and 'Insurance Awareness.

The EMC shall from time to time set out the objectives and parameters of Expenses incurred or proposed to be incurred towards 'Insurtech' and 'Insurance Awareness' as delineated under clause 4 (b) of this EoM Policy, keeping in view the business strategy and business priorities of the Company.

IV. Monitoring of expenses, accuracy of evaluation

The EMC shall monitor the level of expenses vis-a-vis the limits set for the Expenses of Management on continuous basis. EMC shall also establish a mechanism to ensure that the any deviation in the limits shall be brought to the notice of the committee.

The EMC shall also ensure that the calculations made for the purpose of reporting of EOM are accurate and the EMC shall also identify and designate employees and officers of the Company holding responsibility for such evaluation of Expenses.

Any deviation(s) in terms of breach of expense levels or inaccurate evaluation shall be reported to the Board by the EMC.

V. Effectiveness in the conduct of Business:

EMC shall also carry out periodic review of the steps taken:

a. for cost reduction,
b. implementation of the directions or procedures of the EMC and/or the Board for reduction of cost, and
c. implementation and observance of any strategy approved by the EMC and/or the Board

The EMC shall periodically appraise the Board about the status of different measures taken by the Company with an objective of bringing down the cost of doing business continuously.

VI. Manner of transfer of benefits to policyholder

a) In case where products are sourced through Direct channel (Online, Tele-calling etc.), sourcing of business requires investment in technology, digital promotions and tele-support for seamless digital journey
b) Any benefit to be transferred as a result savings in cost for business (sourced through direct channel) is a factor of product strategy, target segment strategy and distribution strategy etc.
c) Cost savings (if any) achieved in this channel maybe passed on through appropriate pricing of the product.

C. Meetings of the EMC

The EMC shall conduct at least one meeting during every quarter of any financial year. The presence of any three out of five designated members of the EMC shall constitute the quorum for any meeting.

Every meeting of the EMC shall be chaired by the Chief Financial Officer of the Company. In the absence of the Chief Financial Officer in any meeting, the members of the Committee present in the meeting and form the quorum shall nominate one amongst such members of the Committee as Chairperson of that meeting of the Committee.

The Chief Financial Officer with support from the Company Secretary shall remain responsible for convening the meetings of the EMC periodically and conducting business in the meeting. Besides, any member of EMC can request with reasons, that a non-scheduled meeting of the EMC be convened for conduct of any business with a prior notice of at least one day to the Chief Financial Officer of the Company. The Chief Financial Officer may schedule the discussion on the subject matter raised by the requesting member immediately or at the next scheduled meeting as per the Chief Financial Officer’s assessment of the matter.

The Company Secretary shall assist the Chief Financial Officer for publishing the annual meeting calendars, maintaining records of the meeting and generally administering the EMC meetings.

D. Reporting of the EMC

The Chief Financial Officer in the capacity as the Chair of the EMC shall present a report to the Audit Committee of the Board in its every quarterly meeting, appraising the status of compliance of this EoM Policy, apart from any other matter deemed fit and appropriate to be appraised to the Board.

Apart from the above, the Chief Financial Officer in the capacity of the Chair of the EMC shall report to the Board about status of implementation of different measures taken by the Company with an objective of bringing down the cost of doing business continuously as contemplated under clause B(V) of this Policy, as and when required.

E. Review of the responsibilities and performance of the EMC

The responsibilities and performance of the EMC shall be reviewed by the Audit Committee of the Board annually and if necessary, updated when there are significant changes in the practices or as warranted in accordance with the business, plan, business strategy or business priorities of the Company from time to time. Any such change to the responsibilities and performance of the EMC shall be approved by the Board before implementation.

Part II: Policy for Payment of Commission

('Part II of the Framework' or the 'Commission Policy')

In compliance with the prescriptions under the Commission Regulations, the Board of Directors of Aviva Life Insurance Company India Limited vide Circular Resolution no. 297 dated 27th June 2023 adopts the present "Commission Policy", the scope of which has been enumerated in the previous section of this Framework. This Commission Policy shall come into effect from April 01, 2023 and the obligations under the policy shall be operative/accrue from August 1, 2023.

1. Object and Purpose:

A. To achieve higher penetration and density of insurance in India, along with profitable growth, this Policy should strive to achieve the following objectives:

a. Realise the growth aspirations of the Company by providing a larger part of the country's population under insurance coverage and by meeting their ever-changing insurance needs and aligning incentives with customer needs.
b. Opening scope for sufficient income generation and thereby attracting the unemployed and under-employed segments of the population to adopt insurance distribution as an attractive career option.
c. Bring cost efficiencies in the conduct of business and align the same with the business strategies devised by the Company from time to time.
d. Facilitate innovation in development and distribution of the products and services of the Company including development of new business models, products, strategies and internal processes, encouraging efficient and cost effective distribution.
e. Facilitate popularizing the product offerings and services of the Company.
f. promoting fair and transparent competition among intermediaries;

B. To govern and administer the overall cost of acquisition of business of the Company.

2. Applicability:

The Commission Policy shall be applicable for all products allowed to be sold and all services allowed to be extended through Insurance Distributors.

3. Limit of Commission and rewards:

At no point of time shall the Company spend in any financial year as Commissions and rewards, an amount exceeding 95% of the EoM for the financial year.

4. Payment of Commission:

While making Payment of any Commission, the Company shall take into consideration the parameters, including but not limited to those set out in **Appendix A**. However, the broad philosophy of determining Commission entitlement for Insurance Distributors shall be based on the following:

(i) it is in the interest of the policyholders,
(ii) it increases insurance penetration and density in the country,
(iii) the nature and tenure of the insurance policy,
(iv) the interest of the Insurance agent, Intermediary or Insurance intermediary,
(v) enhances the performance of the Insurance agent, Intermediary or Insurance intermediary,
(vi) it is commensurate with its business strategy,
(vii) brings cost efficiencies in the conduct of business and simplification of the administration of insurance business, and
(viii) gives an indication on the relative degree of importance placed on each of the above.

The Committee for Commission and Rewards ("CCR") as defined and described in clause 13 of this Commission Policy, from time to time may enhance or limit the scope and parameters set out in **Appendix A.** Further the CCR may set limits on expenses against different parameters including but not limited to those set out in Appendix A, keeping in view the business strategy, business performance and business priority of the Company from time to time.

5. Payment of Reward:

The Company shall determine the Reward entitlement of the Insurance Distributors on the basis of the parameters including but not limited to those set out in **Appendix B.**

Other than the monetary incentives paid as rewards on the basis of pre-defined parameters and scales as set out by the CCR at the beginning of any financial year and monitored from time to time,

a. the Company may declare and pay non-cash rewards to promote constructive competition and motivation amongst Insurance Distributors in the form of rewards and recognition programs, gifts, events, sponsoring and co-sponsoring of events, tours, presents, and accolades etc.,

b. the Company may spend on the welfare of the Insurance Distributors by undertaking their cost towards personal and family benefits such as gratuity, term insurance cover, group insurance covers etc. The Company can also extend assistance by bearing their cost towards telephone charges, office allowance, sales promotion activities and such other items and activities etc. as may be decided by the CCR.

c. Over and above the responsibility of the Insurance Distributors, the Company may encourage them to equip themselves with the knowledge to and undertake activities such as risk analysis, gap analysis, plan design, predictive modeling, data management, Infrastructure, advertisement and such other items. The Company may bear the cost of such activities and reward the deserving appropriately.

d. The Company may choose to contribute towards startup expenses for entities who seek to buildup insurance distribution and the Company sees potential in such entities or person(s) to be able to create significant volume of insurance distribution or substantial reach to uninsured communities and assets of the country.

The CCR, from time to time may enhance or limit the scope and parameters set out in **Appendix B.** Further, the CCR may set limits on expenses against different parameters including but not limited to those set out in **Appendix B**, keeping in view the business strategy, business performance and business priority of the Company from time to time.

6. Ceiling on business

The Company shall equip the Insurance Distributors with every possible wherewithal and extend all possible support to enable the Insurance Distributors to distribute, solicit, procure or transact insurance business and services for and on behalf of the Company in accordance with the conditions set out under the applicable laws, guidelines set out by the Company, the CCR or under this Framework from time to time. However, the Company may decide upon limiting distribution of certain products, certain geographies or limiting certain class/ individual Insurance Distributors commensurate to its prevailing business strategy and business priority. Under such circumstances, the Company shall make sufficient communication to the Insurance Distributors and ensure that such restrictions are duly met and adhered by all Insurance Distributors.

7. Renewal Commission:

The CCR shall from time to time lay down and monitor the guidelines for commission entitlement of Insurance Distributors, upon renewal of such insurance policies or services with or without active intervention of the concerned Insurance Distributors.

8. Hereditary Commission:

It refers to any commission to be paid to the legal heirs of any Insurance Distributors in the event of his/her unfortunate demise. The guidelines to this effect shall be laid down by the CCR from time to time, which shall include methods for calculation of the commission accruing in favor of the Insurance Distributors (arising out of the policies sourced or renewed by the Insurance Agent during his/her lifetime). The Committee shall also set out necessary process and procedure for transferring the benefits to the legal heirs of the deceased Insurance Distributor.

The CCR shall ensure that any process or procedure set out by the CCR for this purpose is smooth and hassle free and the benefits and entitlements of the deceased Insurance Distributor passes on to the successors or legal heirs of the Insurance Distributor smoothly.

9. Manner and conditions regarding transfer of orphan policies

The Company shall put up appropriate process and procedures for transfer and servicing of orphan policies in case of death of or cancellation/ termination/ suspension of appointment of an Insurance Distributor.

10. Suspension/ Termination/ Cancellation of appointment of Insurance Distributors

The Company shall put up appropriate process and procedures to carry out disciplinary proceedings against Insurance Distributors for reasons including but not limited to misconduct, resulting in suspension and/or termination and/or Cancellation of their appointment and/or engagement for and on behalf of the Company. However, before making any such decision, the Company shall offer such Insurance Distributors the appropriate opportunity of being heard.

11. Other guidance:

The CCR and the Company shall at all times ensure and adhere to the following:

a. The Commission structure meant for the Insurance Distributors are fair, transparent, compliant, efficient and holds high the reputation of the Company as well as the industry in the insurance distribution process.

b. Insurance Distributors are compensated fairly for their work, regardless of their size or bargaining power,

c. The Commission and Reward structure meant for the Insurance Distributors encourage good distribution practice of Insurance Distributors,

d. The Commission structure is reviewed periodically which includes assessment of its effectiveness, efficiency, impact on premium rates, benefit pay-outs, penetration, alignment with customer needs and interest etc.

e. The Commission and Reward structure instituted by the CCR outlines the governance and oversight mechanism for market conduct issues to ensure that Insurance Distributors adhere to high standards of behaviour and ethical practices which avoids any potential conflicts of interest.

f. No Commission or Reward be given to any Insurance Distributor for and on account of the business sourced by the employees of the Company.

g. The Company shall not procure any insurance business through any Insurance Distributor, whose license or capacity to solicit insurance business has been cancelled, terminated or under suspension either by the Company owing to a disciplinary action or by way of an external enforcement Authority, such as IRDAI, Court etc.

h. For cases where fraudulent activity of the Insurance Distributor has been determined, the Company may not pay any Commission to such Insurance Distributor or may recover the loss amount from the Commission payable to such Insurance Distributor.

12. Review of Commissions Policy

This Commission Policy shall be reviewed by the Audit Committee of the Board annually and if necessary, updated when there are significant changes in the applicable law, practices or as warranted in accordance with the business, plan, business strategy or business priorities of the Company from time to time. Any such change to this Commissions Policy shall be approved by the Board before implementation.

13. Committee for Commission and Rewards (“CCR”)

With a view to undertake the responsibilities assigned to it under this Commission Policy, a Committee comprising of senior executives of the Company is constituted, which shall be named as the “Committee for Commission and Rewards” or the “CCR”. The composition, responsibility and reporting of the CCR shall be as under:

A. Composition of CCR

The CCR shall be a seven -member committee, comprising of senior executives holding following positions in the Company:

1. Chief Executive Officer & Managing Director
2. Chief Risk Officer
3. Chief Financial Officer
4. Chief Marketing Officer
5. Chief Technology Officer
6. Head Legal & Compliance
7. Chief Distribution Officer (Proprietary Channels)

Apart from the abovementioned seven members of the CCR, the following senior executives of the Company shall be permanent invitees to the CCR:

1. Head of Sales Strategy
2. Head of Business Strategy

The CCR shall from time to time add or remove executives from the abovementioned list of permanent invitees, keeping in view their responsibilities and potential to contribute to the cause of the CCR.

B. Responsibilities of the CCR

The CCR shall *inter-alia* have the responsibilities,

- assigned to it by the Board from time to time, or
- as mentioned elsewhere in this Policy.

The CCR shall remain responsible at all times for the following:

I. Levels of Commission payable to the Insurance Distributors.

a. to implement and continuously monitor the implementation of parameters set out in Appendix A, administering the levels of Commission payable to the Insurance Distributors against every parameter set out therein,

b. to add any new parameter over and above those set out in Appendix A, keeping in view the business strategy, business performance and business priority of the Company from time to time,

c. remove, modify or supplement an existing parameter set out in Appendix A, keeping in view the business strategy, business performance and business priority of the Company from time to time,

d. to set limits of expense on account of any or all parameters set out in Appendix A (including in any additional parameters thereto), if and when the CCR considers it desirable,

e. to set volume target on account of any or all parameters set out in Appendix A (including in any additional parameters thereto), if and when the CCR considers it desirable,

f. to perform, carryout, execute all other actions with respect to the Commission payable to the Insurance Distributors in the best interest of the Company and commensurate to the business strategy, business performance and business priority of the Company from time to time.

II. Levels of spending and determination of entitlement of Insurance Distributors on account of Rewards

a. to implement and continuously monitor the implementation of parameters set out in Appendix B, administering the levels of expenditure to be undertaken by the Company on account of Rewards to the Insurance Distributors against every parameter set out therein,

b. to add any new parameter over and above those set out in Appendix B, keeping in view the business strategy, business performance and business priority of the Company from time to time,

c. remove, modify or supplement an existing parameter set out in Appendix B, keeping in view the business strategy, business performance and business priority of the Company from time to time,

d. to set limits of expense on account of any or all parameters set out in Appendix B (including in any additional parameters thereto), if and when the CCR considers it desirable,

e. to perform, carryout, execute all other actions with respect to Rewards payable to the Insurance Distributors in the best interest of the Company and commensurate to the business strategy, business performance and business priority of the Company from time to time.

III. Renewal Commission, Hereditary Commission and transfer of orphan policies

The CCR shall provide operational philosophy, guidelines, and processes from time to time to deal with Renewal Commission, Hereditary Commission and transfer of orphan policies. Apart from the same, the CCR shall continuously monitor the implementation of such prescriptions.

IV. Disciplinary proceedings against misconduct of Insurance Distributors.

In the absence of an established process of initiating disciplinary proceedings against misconduct of any insurance Distributor, the CCR in such events and upon reference to it, shall constitute an appropriate disciplinary body to deal with such misconduct of any Insurance Distributor.

C. Meetings of the CCR

The CCR shall conduct at least one meeting during every quarter of any financial year. The presence of any -Four out of Seven designated members of the CCR shall constitute the quorum for any meeting. The CCR shall take decisions in any meeting through the process of voting and on the basis of a simple majority of the members present and voting in the meeting.

Every meeting of the CCR shall be chaired by the Chief Financial Officer of the Company. In the absence of the Chief Financial Officer in any meeting, the members of the Committee present in the meeting and forming the quorum shall nominate one amongst such members of the Committee as Chairperson of that meeting of the Committee.

The Chief Financial Officer shall remain responsible for convening the meetings of the CCR periodically and conducting business in the meeting. Besides, any member of CCR can also request that a meeting of the CCR be convened for the conduct of any business with prior notice of atleast one day to the Chief Distribution Officer of the Company. The Chief Distribution Officer shall be at liberty to call a specific meeting for this purpose or even seek approval through circulation. The Chief Distribution Officer may schedule the discussion on the subject matter raised by the requesting member immediately or at the next scheduled meeting as per the Chief Distribution Officer's assessment of the matter.

F. Reporting of the CCR

The Chief Financial Officer in the capacity of the Chair of the CCR shall present a report to the Audit Committee of the Board in its every quarterly meeting, appraising the status of compliance of this Commission Policy, apart from any other matter deemed fit and appropriate to be appraised to the Board.

G. Review of the responsibilities and performance of the CCR

The responsibilities and performance of the CCR shall be reviewed by the Audit Committee of the Board annually and if necessary, updated when there are significant changes in the practices or as warranted in accordance with the business, plan, business strategy or business priorities of the Company from time to time. Any such change to the responsibilities and performance of the CCR shall be approved by the Board.

H. Agents and intermediaries: On-boarding, training, MBG, Commission and Rewards Policy

Existing Agent and intermediaries onboarding, training, MBG, commission and rewards policy is integrated to this Board approved Framework of Expenses of Management. The detailed **Agents and intermediaries: On-boarding, training, MBG, Commission and Rewards Policy is attached as Appendix C**.

Appendix A

Parameters for payment of Commission

The below table defines limits of Commission Payouts at the Company level to agents and intermediaries qualified basis their performance under defined key parameters.

S No	Product type	FY Commission payable as a %age of the Premium collected at a Policy level	Renewal Commission payable as a %age of the Premium collected at a Policy level
1	ULIP	Up to 35%	Up to 15%
2	PAR	Up to 35%	Up to 15%
3	Non-PAR	Up to 35%	Up to 15%
4	Term	Up to 40%	Up to 15%
5	Group Products (excluding fund based product)	Up to 10%	Up to 10%
6	Group Fund based product	Up to 2%	N/a
Policy to allow commission in the above range but not to exceed the maximum limit prescribed.			

Rewards (as a percentage of Premium for each agency/intermediary channel)	**Up to 50%**

Total payout (FY Commission + Rewards), not to exceed	**95% (as a % of maximum EoM limit)**

Appendix B

Parameters for payment of Rewards

The Key parameters to be considered for payment of Reward primarily include;

1. **Business Volumes (Productivity)-** Growth in business volumes; over achievement of the business target etc.
2. **Number of Months of Activeness (Productivity)–** Number of Active Months, defined as months in which an agency/ Intermediary contributes business. This is to drive consistency of performance throughout the year.
3. **Number of new customers acquired** – Drive the productivity in terms of number of policies per agent/ Intermediary to increase insurance penetration and density in the country.
4. **Nature and tenure of the insurance policy (Profile)–** Business Mix (basis defined product weightage)
5. **Interest of Policyholders (No. of Complaints/ 13th Month Persistency/Renewal rate/ Back Book Preservation i.e. No Lapse/Surrender and Re-Entry)**– Quality of sale, Asset under Management (AUM) and persistency of business – Rewarding right behavior to ensure agency/ Intermediary focus on servicing customer at the time of pre & post sales and customer benefit remains intact.
6. **Period of Sourcing (Productivity)** – Basis seasonality of business performance
7. **Quality of Business (as defined in the sales action grid) (No. of Complaints/Free Look Cancellation/13th Month onwards Persistency/Early Claims/Declined Claims/Renewal Rate etc.)**– Drive to maintain good customer outcome resulting in reduced Customer Complaints, Free Look Cancellations, Cheque Bounce, PSC Disputes, Branch RTS and number/amount of early death claims excluding accidental claims

Appendix C

Agents and Intermediaries: On-boarding, training, MBG, Commission & Rewards policy

Introduction

<u>Introduction</u>

This Board Approved Policy on Agency Matters (hereinafter referred to as the 'Policy') has been formulated by Aviva Life insurance (hereinafter referred to as the 'Company') in compliance with Regulation 17 of the Insurance Regulatory and Development Authority of India (Appointment of Insurance Agents) Regulations, 2016.

The Policy is approved by the Board of Directors of the Company and is filed with the Insurance Regulatory and Development Authority of India (IRDAI) before 31st March every year. The Policy shall be reviewed annually and updated as required to reflect changes in regulatory requirements, business needs, and market conditions.

This Policy governs all matters relating to the appointment, training, development, performance evaluation, and remuneration of Insurance Agents of the Company and shall be applicable to all departments and personnel involved in agency operations.

Section 1: Eligibility Conditions for Appointment of Insurance Agents

1.1 Regulatory Framework

The eligibility conditions for appointments of Insurance Agents are governed by Regulation 4 of IRDAI (Appointment of Insurance Agents) Regulations, 2016. The Company shall ensure strict adherence to all regulatory requirements while appointing agents.

1.2 Minimum Eligibility Criteria

Every applicant seeking appointment as an Insurance Agent of the Company shall satisfy the following minimum eligibility conditions:

Criterion	Requirement
Minimum Age	18 years as on the date of application
Educational Qualification	Minimum 10th Standard (SSLC/Matriculation) pass or equivalent from a recognized Board/University
Appointment of Insurance Agent	Must obtain a valid Insurance Agent appointment letter from insurer upon successful completion of pre-recruitment training and examination conducted by Insurance Institute of India (III)
Background	Must not have been previously terminated/blacklisted by any insurer for misconduct, fraud, or unethical practices
Criminal Record	Must not have been convicted of any offence involving moral turpitude or financial fraud under any law
Exclusivity	An individual can act as an agent for only one Life Insurer, one General Insurer, one Health Insurer and one of each of mono-line insurers simultaneously

1.3 Documentation Required

- The following self-attested documents shall be submitted by the applicant at the time of appointment:

- Duly filled application form as prescribed by the Company (Insurance Agent – Form IA)
- Proof of Age (Birth Certificate issued by Municipal authorities / SSLC Certificate / Passport / Aadhaar Card/ PAN Card/ Driving License)
- Proof of Educational Qualification (Mark Sheet / Certificate) – Owing to some reasons if the applicant is unable to furnish education proof of 10th standard, the company will accept valid education proof of any qualification higher than 10th standard
- Proof of Identity (Aadhaar Card / PAN Card / Passport / Voter ID)
- Proof of Address (Aadhaar Card / Utility Bill / Bank Passbook — not older than 3 months)
- PAN Card (mandatory)
- Recent colored passport-size photographs (as specified)
- Bank account details for remuneration credit
- Pre-Recruitment Training Completion Certificate
- In case of transfer: NOC/ cessation certificate from existing insurer with 90 days waiting/ cool off period

1.4 Verification Process

The Company shall undertake the following verification steps before finalizing the appointment of any Insurance Agent:

- Background verification through IRDAI's Agent portal/database to check for prior blacklisting or adverse records
- Document authentication and KYC verification as per applicable guidelines
- Confirmation of non-association with another insurer for the same line of business – PAN look-up on IRDAI portal
- Criminal background check through third-party verification as deemed necessary

1.5 Interview Procedure for Appointment

- To assess the capability of a prospect to become an agent, every candidate goes through an interview process conducted by the respective sales BM/RM
- Key aspects which are evaluated in the Interview process are:
    - Total Work Experience
    - Family Background
    - Assessment of Commitment (Availability of Time)
    - Domicile Vintage etc.
- A structured interview report which is referred to as the Introductory Meeting Report (IMR); must be mandatorily submitted with every application for further processing.
- Introductory Meeting Report (IMR) is a format available with the sales team in soft copy.

<u>Section 2: Pre-Recruitment Training on Insurance</u>

2.1 Regulatory Mandate

Every applicant seeking appointment as an Insurance Agent is required to undergo mandatory pre-recruitment training as prescribed under IRDAI (Appointment of Insurance Agents) Regulations, 2016 and as specified in the IRDAI Training Guidelines issued from time to time.

2.2 Training Hours

Category of Agent	Minimum Training Hours
Life Insurance Agent	25 Hours
Composite Insurance Agent	75 Hours (as prescribed by IRDAI)

2.3 Training Curriculum

Section 1	**Common Chapters**
1	Introduction To Insurance
2	Customer Service
3	Grievance Redressal Mechanism
4	Regulatory Aspects of Corporate Agency
5	Legal Principle of an Insurance Contract
Section 2	**Life Insurance**
6	What Life Insurance Involves
7	Financial Planning
8	Life Insurance Products – I
9	Life Insurance Products – II
10	Applications of Life Insurance
11	Pricing and Valuation in Life Insurance
12	Documentation – Proposal Stage
13	Documentation – Policy Condition I
14	Documentation – Policy Condition II
15	Underwriting
16	Payments Under a Life Insurance Policy
Section 3	**Health Insurance**
17	Introduction to Health Insurance
18	Insurance Documentation
19	Health Insurance Products
20	Health Insurance Underwriting
21	Health Insurance Claims

The pre-recruitment training shall cover, inter alia, the following topics:

- Basic principles of insurance — life and health
- IRDAI regulations and code of conduct for insurance agents
- Products and services offered by the Company — features, benefits, and exclusions
- Needs-based selling and ethical sales practices

- Proposal form filling and documentation requirements
- Grievance redressal mechanism and policyholder protection
- Anti-money laundering (AML) and Know Your Customer (KYC) guidelines
- Claims process and settlement procedures
- Insurance terminology and product-specific knowledge

2.4 Mode of Training

The Company shall conduct pre-recruitment training through the following approved modes:

- Classroom / in-person training at Company branches
- Online / e-learning programs through IRDAI-approved platforms
- Blended learning combining online modules with in-person sessions

2.5 Training Examination

Upon completion of the prescribed training hours, the applicant shall appear for the IRDAI-prescribed examination conducted by the Insurance Institute of India (III) or any other body as designated by IRDAI. The applicant must secure the minimum passing marks as prescribed. The Company shall issue a training completion certificate, which shall be submitted along with the license application to IRDAI.

2.6 Training Infrastructure

The Company shall maintain adequate training infrastructure including qualified trainers, training materials, digital learning resources, and examination preparation support. All trainers engaged for pre-recruitment training shall possess the qualifications and experience as prescribed by IRDAI from time to time as deemed appropriate.

Section 3: Skill Development Training

3.1 Objective

The Company is committed to continuous professional development of its Insurance Agents. Skill development training is aimed at enhancing competency, product knowledge, regulatory awareness and ethical standards of agents, thereby improving customer outcomes and business performance.

3.2 Regulatory Mandatory Training (RMT)

All licensed Insurance Agents of the Company are required to complete RMT every year on Aviva online platform. Agents who fail to qualify the mandatory RMT shall not be eligible for soliciting new business.

Training Type	Requirement
Company Product Training	As scheduled by the Company (at least

	1 session per year)
Regulatory & Compliance Updates	Annual or as per III/ IRDAI communication
Digital Tools & Technology	Annual training on Company systems and digital platforms

In order to ensure that the agents possess adequate skills and knowledge to solicit insurance business, the Company shall endeavor to provide post-recruitment training to all agents.

Key topics covered in the post-recruitment training program are as below:

- Products & Processes - Key product features benefits and advantages. Proposal form filling.
- Underwriting guidelines – Financial & Medical underwriting requirements; Medical grid and Income multiple factors.
- Anti-Money Laundering/ Know Your Customer – Concept & Stages of Money Laundering; Regulatory Requirements & Documentation required to adhere to Anti-Money Laundering and Know Your Customer guidelines.
- Capital Markets – This module covers concept of Debt & Equity; working of ULIPs, Stock Market terminologies & Basics of Economic Policies.
- Code of Conduct – This module covers Do's & Don'ts of Selling; Policy Splitting Details & Advertisement Do's & Don'ts
- Need Analysis – Identify customer needs on the basis of age, income and life stage. Risk Profiling leading to product fitment.

The above list is illustrative and the training module may be revised to include relevant topics of key reference as may be determined by the Company from time to time.
The Company shall endeavor to cover maximum number of agents through various training modes like classroom training,
e-learning modules, offline training capsules, self-study training packs, etc.

The Company shall endeavor to provide yearly refresher training to all agents in order to keep their knowledge up-to-date on product, processes and regulations.

3.3 Skill Development Modules

The Company shall design and deliver the following skill development modules:

- Advanced product knowledge training — new product launches and feature updates
- Customer engagement and relationship management skills
- Digital literacy and use of Company's digital tools, mobile apps and portals
- Financial planning and needs analysis techniques
- Regulatory updates — amendments to IRDAI regulations, circulars and guidelines
- AML/KYC refresher training
- Grievance handling and escalation procedures

- Ethics and professional conduct

3.4 Training Delivery Methods

- E-learning modules available on the Company's Learning Management System (LMS)
- Regional training workshops and seminars
- Annual agent convention with product and skill sessions
- Mentoring and peer-learning programs for new agents
- Webinars and virtual training sessions

3.5 Record Keeping

The Company shall maintain detailed records of all training programs conducted, attendance, assessments and RMT hours credited for each agent. These records shall be maintained for a minimum period of five years and made available to IRDAI upon request.

Section 4: Agency Performance Review Policy

4.1 Purpose

The Agency Performance Review Policy establishes a structured framework for evaluating the performance of Insurance Agents on an ongoing basis. The objective is to ensure consistent business quality, customer satisfaction, regulatory compliance and ethical conduct across the agency force. Termination, suspension and cancellation of appointment of insurance agents will be dealt with as defined in IRDAI (Appointment of Insurance Agents) Regulations, 2016 as amended from time to time

- **Termination Criteria of agents for failure to achieve the Minimum Business Guarantee:**

  An agent is eligible for termination if minimum business guarantee criteria are not met by him/her for two consecutive agency years once approved by Chief Distribution Officer (CDO).

  The board is requested to authorize Chief Distribution Officer or Strategy Head to approve any exception on termination of an agent on the basis of criterion as detailed above.

- **Re-appointment/ re-instatement of agents terminated for failure to achieve the Minimum Business Guarantee:**

  Any agent who has been terminated under the minimum business guarantee (MBG) policy will not be re-appointed/ re-instated.

  The board is requested to authorize Chief Distribution Officer and Strategy Head to approve any exception on

  re-appointment/ re-instatement of a terminated agent under the minimum business guarantee norms.

- **Treatment of orphan policies/ customers:**
  Any policy/ customer where the sourcing advisor is terminated is termed as an orphan policy/ customer.

  Such orphan policies/customer are reviewed under the board approved policy "Policy for Servicing of Orphan policies under Individual business" on a quarterly basis & result is shared with concern stake holders.

- **Termination, Suspension and Cancellation of appointment of insurance intermediaries will be dealt with basis guidelines issued by IRDAI from time to time**

4.2 Performance Review

Annual Review MBG	**Frequency**	Reviewed by
Annual Performance Review – MBG	Annual	CDO

- MBG data will be shared by DOPS team at the beginning of every month (on last month end data)
- ZM's to review the agents not meeting MBG and share their recommendation for termination/ extension with CDO for approval
- MBG = 1 NOP with 15000/- rupees collected premium
- 12 months will be from month of joining – Example: coding date = 20/01/2025, MBG review date = 1st March'26 in Feb'26 month-end data (12 Rolling 12 months excluding joining month)

4.3 Quality Parameters (QP)

Listed parameters would be evaluated for agents

Quality Parameter	**Benchmark**
New Business Premium Mobilized	As per annual target assigned
Number of Policies Issued	Minimum 1 policy per annum
Persistency Ratio (13th month)	Minimum 60%
Customer Complaints	NIL / Negligible
Training Completion	100% mandatory training
Regulatory Compliance Score	Zero mis-selling instances

4.6 Termination Criteria

- An agency agreement may be terminated by the Company on the following grounds, subject to due process and applicable regulatory provisions:
- Persistent underperformance despite as per the set benchmarks
- Instances of mis-selling, fraud, or misrepresentation
- Violation of IRDAI code of conduct or Company's compliance policies
- Non-renewal or lapse of IRDAI agent license
- Involvement in activities detrimental to policyholders or the Company
- If the Intermediary enters into a voluntary arrangement with its creditors, if bankruptcy or winding-up proceedings are initiated against the Intermediary or if a receiver or an administrative receiver is appointed in respect of the Intermediary’s assets or if the Intermediary enters into liquidation (whether voluntary or compulsory);
- If the Intermediary no longer act as an appointed representative for its clients, in Aviva’s opinion or otherwise; and
- If there is any material changes in the Intermediary’s legal identity, constitution, shareholding or where any of the Intermediary’s directors, promoters, shareholders or partners or principals have been changed or convicted of an offence involving fraud of dishonesty.

Section 5: Agency Remuneration and Benefits

5.1 Regulatory Compliance

All remuneration paid to Insurance Agents by the Company shall be strictly in compliance with the limits prescribed under the Insurance Act, 1938 and the applicable regulations, circulars, guidelines issued by IRDAI from time to time. The Company shall not pay any remuneration exceeding the permissible limits in any form, whether directly or indirectly and all remuneration and benefits will be governed by IRDAI Master Circular on Expenses of Management, including Commission, of Insurers dated 15th May 2024(Ref : IRDAI/F&I/CIR/79/5/2024) and Expenses of Management, including Commission, of Insurers) Regulations, 2024

5.2 Remuneration & Benefits: Agents & Intermediaries

Commission or remuneration in any form for the procurement of all individual policies by agents and intermediaries will be in line with prevailing Regulatory Guidelines as issued by IRDAI from time to time. This policy will help in insurance penetration in India, consumer education/information and product awareness. The insurance penetration will certainly increase if everyone can be made aware of the various risks associated with their life and business in context of all other internal/ external environments. The objective can be accomplished through a range of initiatives, including customer awareness programs designed to strengthen the communication abilities, sales competencies, personality development and product knowledge of agents and intermediaries.

The following section considers the nature of incentive (bonus) commission programs.

5.3 Incentive (bonus) Commission philosophy:

In the Insurance industry, Incentive (bonus) commission programs are periodically launched to incentivize distribution teams to achieve higher business goals. The fundamental idea is to provide monetary and non-monetary benefits to agents through monthly contests and annual programs. The payouts and benefits under these programs will be over and above the standard commission as prescribed in the product and will be calculated on overall basis and not linked to each and every policy solicited by an insurance agent.

5.4 Framework for Incentive (bonus) Commission programs:

Following is the structure of various incentive and recognition programs

Program	Objective
Monthly/Quarterly Contests	To drive tactical, short-term new business sourcing. Enables agents to aim for raise performance through attractive incentive and sense of competition. This would also include any other short duration contests within a month.
Aviva New Idols	Aimed at newly recruited agents. Program aims to facilitate successful on-boarding of new agents.
Travel Reimbursement	Program for reimbursement of travel and telephone expenses of agents.
Annual Recognition Programs – ACL & Titans	These are structured career progression platforms for agents. A tiered council program, with comprehensive qualification slabs, that provides a roadmap to agents to manage their performance and progress.
Elite Council Program	A specific program aimed at managing performance of high performing agents. Agents are given and annual goal sheet with attractive financial rewards to complete goal sheets.
Annual Programs (BR / MDRT/ COT/ TOT)	Highest recognition platform for the agents. The objective is to reward and recognize best performers of the company and create role models for other agents.

Sales Awards	Regular monthly, quarterly, semi-annual and annual awards to agents with excellence in various categories of performance like new business, number of policies, renewal business collection, etc.
Retention / Persistency Bonus	A program to recognize and reward agents with high Assets Under Management (AUM). The objective is to reward and recognize agents with high persistency and to create role models of high-quality business for other agents.
Agency Development	A program to recognize and reward agents for their contribution towards strengthening the agency business by
Reward	Introducing new prospects to the agency channel.
Customer Value Reward	A program to recognize and reward agents/intermediaries for their good conduct resulting in positive customer outcomes. During the process of needs analysis, in case the customer expresses interest to buy a product that is not available for distribution by the agent/intermediary and in case the agent/intermediary guides such customer appropriately to select right product as per his needs, the Company would recognize and reward this good conduct.

- The benefits and incentives offered to the agents include the following:
    - Monetary Benefits: Slab-wise payouts basis defined qualifying parameters graded for each slab
    - Conveyance and mobile reimbursements
    - Gift items (white goods, consumer durables, bullion, automobiles, etc.)
    - E-vouchers, Travel Vouchers, etc.
    - Domestic and overseas travel options
    - Points credit which can be redeemed through
        - Online purchases
        - Offline redemption through commercial card
        - Offline redemption basis request from agent for any of the items mentioned above (Pts. 1 – 5)
    - Participation in award ceremonies, gala dinner, and felicitation programs, etc. Nomination in training programs
    - Life insurance, Medical Insurance, Health Check-up Vouchers
    - Any case specific payment in lieu of the above awards in kind shall be documented with valid reasons for such exception with necessary recommendations by the Chief Distribution Officer duly approved by the Chief Financial Officer and the Chief Executive Officer and Managing Director of the Company

- The benefits and incentives will accrue to those agents who qualify in various incentive programs. The structure of the programs would include gate criteria, qualification slabs and other terms and conditions specific to a program. The benefits of each program would be defined in the policy note of every program.
- All agent level R&R qualifications will be evaluated on the basis of the quality performance effective 1st Apr'26.
- The list of rewards applicable for agents as detailed above are also applicable for intermediaries. In addition to this, intermediaries are also eligible for incentives towards services such as risk analysis, gap analysis, plan design, predictive modeling, data management, infrastructure, advertisement and such other items including any additional incentives by whatever name is called

5.5 Incentive (bonus) Commission Payout Criterion & Process:

Key steps in rollout of Incentive (bonus) Commission programs include:

1) Construct of any such program is proposed by the strategic initiatives unit and approved by the Business Planning & Analysis unit as per the approved Operating Expenses plan.
2) Post completion of contest/ program, Business Intelligence unit prepares a list of qualifiers taking into account all contest criteria and regulations.
3) Contest qualifier list is vetted as per the Maker and Checker process to ensure process control and quality.
4) Post approvals and vetting, fulfillment of contests is done by the reward and recognition unit.
5) While drafting the contest for intermediaries, adherence to regulatory requirement to be ensured.
6) The Chief Distribution Officer and/or Strategy Head is authorized to design an appropriate Incentive (bonus) Commission program / policy in line with the criteria defined herein above (as per EOM policy part 2) with the approval of the Chief Financial Officer. In addition to CFO approval, the Board Terms of Reference shall be adhered to.

5.6 Criteria for considering eligibility for payment of renewal commission to agents after termination of agency/Intermediary:

- **Agency**: No renewal commission shall be payable to any agent after termination of agency effective 1st Jan 2016 (irrespective of actual date of termination). Prior to this period, we continued to pay the renewal commission to agents who completed 5 years or more even after termination/ expiry of the license till Dec-15 as per file and use. For terminated advisors, upon renewal or reactivation of the agency, renewal commission for policies where renewal premiums have been collected during the intermittent period (period between date of termination of agency and date of renewal of agency) may be released basis approval from the Chief Distribution Officer and Chief Financial Officer.

- **Intermediary:** No renewal commission shall be payable to any intermediary after termination of the agreement unless otherwise specified in the agreement. For terminated agreements, upon renewal or reactivation of the agreement, renewal commission for policies where renewal premiums have been collected during the intermittent period (period between date of termination of agreement and date of renewal of agreement) may be released basis approval from the Chief Distribution Officer and Chief Financial Officer.

5.7 Criteria for payment of hereditary commission to the heirs of agent in the event of unfortunate death of agent:

Any commission payable to an insurance agent under the provisions of Insurance Act shall, notwithstanding the death/total permanent disability of the agent, continue to be payable to his heirs for so long as such commission would have been payable had such insurance agent been alive, if the deceased agent has served the Company continuously and exclusively for at least five years.

5.8 Criteria for Commission Claw back

In order to ensure the interest of the customers and persistency of new business sourced by agents, there shall be a mechanism to claw back commission paid to the agents under various circumstances. Commission paid to the agents may be clawed back basis a Commission Claw back policy of the Company framed from time to time.

5.9 Criteria to offer group life insurance cover, group personal accident cover, group health insurance cover and any other such benefits, if any:
Currently no such benefits are provided to the agents. However, these benefits are proposed to be part of Incentive (bonus) Commission programs (as detailed in Section 5). Only agents who qualify in this program will be entitled for these benefits.

5.10 Schedule of payments of commission and various other benefits to the agents and intermediaries:

Commission and other benefits Payouts: Commission and other benefits shall be released at such frequencies as determined by the Company's internal policies. The payout of commissions will be governed by IRDAI Expenses of Management, including Commission of Insurers Regulations, 2024 Any addition/ deletion/ modification in the same will be updated in the subsequent board meeting Product-wise schedule of commission applicable to agents/ intermediaries is detailed in EOM policy part 2 policy for payment and commission.

The total amount of commission payable for life insurance products including health insurance products offered by life insurers shall not exceed the Expense of Management limits specified under IRDAI Expenses of Management, including Commission, of Insurers) Regulations, 2024 as amended from time to time.

5.11 Scheduled Update to Board on Rewards & Remuneration:

Board shall be updated on regular basis on the adherence of the guidelines defined in IRDAI Master Circular on Expenses of Management, including Commission, of Insurers, 2024 and **Expenses of Management, including Commission, of Insurers) Regulations, 2024**.

5.12 Communications to Agents/Intermediaries:

Advisors and Intermediaries are duly communicated about the reward structure, criteria as per prescribed policy in the beginning of the period. This includes communication regarding any additions/deletions/modification to a reward program throughout the year. Some of the listed modes of communications are written policy document upload on Agent Portal, E-mail Communications, display of posters/banners across Aviva branch offices or any other mode of communication as may deem fit by the organization.

"This Policy is as per applicable extant regulations/laws."